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SUBJECT: LAND REFORM DECIMATES CATTLE INDUSTRIES

1. Summary. In addition to crop farmers, cattle farmers have also succumbed to the pressures of the land reform program. Currently, commercial dairy farmers represent half of the remaining commercial farmers, while most commercial farmers continue to raise some beef cattle in addition to their primary operations. Although the number of dairy operators has not decreased as dramatically as the numbers in other farming sectors, the commercial dairy herd as well as the large-scale commercial beef herd have seen drastically reduced numbers due to widespread de-stocking in the past few years. The impact of such reductions on Zimbabwe's food situation have already begun to be felt, in the form of shortages and sharp price increases, and will only worsen with time. There are new indications that the GOZ may soon target dairy farms, which until now have been spared the wholesale ravages of President Mugabe's fast-track land reform. End summary.

Dairy

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2. Both the number of commercial dairy farmers and the number of productive dairy cattle have diminished in the past few years. The National Association of Dairy Farmers (NADF) states that of 437 commercial dairy farmers active in 1995, only around 310 commercial dairy farmers remain in operation. The commercial dairy herd, which stood at 96,000 animals in 1997, now numbers approximately 50,000 animals. Traditionally, over 97% of the country's milk has been produced by commercial farmers. Now, production from the remaining dairy herd has dropped to the point that Zimbabwe is only producing two-thirds of its daily consumption needs, with widespread shortages of price-controlled milk and price increases in non-controlled commodities such as butter, cheese, and other dairy products.

3. Much of the physical reduction has seen non-productive cattle -- calves, dry cows, heifers in calf, which are considered "followers" to a producing dairy herd -- being de-stocked, or sent for slaughter. Lack of animal feed and grazing land have also diminished production. Dairy cattle are generally given maize silage as stockfeed in order to maximize the production of milk. In a country facing such acute shortages of maize as Zimbabwe, stockfeed is given little priority, and milk production has suffered. Commercial farmers -- even dairy farmers -- are denied the right to graze cattle or even to grow stockfeed maize by militant settlers who are claiming specific fields in the name of the Third Chimurenga (revolution).

4. Dairy operations are also threatened by the continued spread of Foot & Mouth Disease (FMD). Due to a lack of forex, the GOZ -- which is the only entity entitled to import FMD vaccine -- has been unable to purchase vaccine against the disease, which can decimate dairy production in affected herds. FMD outbreaks have been reported in Matabeleland, Masvingo, and Manicaland, all of which border on some of the prime dairy areas. While cattle can recover from FMD, milk production in dairy cattle is destroyed if they contract the disease. The NADF reports that Botswana, which has refused to extend further credit to the GOZ for the purchase of vaccine due to its multi-million dollar vaccine debt, is considering giving the vaccine to the GOZ simply to protect its own valuable herds from the threat of contagion.

Milk Processors Also Feel the Strain

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5. Dairibord, the primary purchaser and processor of raw milk products, concurs with NADF's views. Processors are currently working against a pricing conundrum which explains, in part, the sharp rise in non-milk dairy products: while the costs of purchasing raw milk have increased from Zim \$35 to Zim \$90 per liter in the past year, the controlled price at which they can sell a liter of pasteurized milk is Zim \$78 per liter. In a sense, the other products -- butter, cheese and yoghurt -- are subsidizing the controlled cost of pasteurized milk. Availability of raw milk has also had an impact on non-controlled prices. Dairibord estimates that against national demand of 13 million liters per month, Zimbabwe's dairy farmers are only producing 9 million liters

per month. All stakeholders agree that the primary pressure is coming from a tangent -- there is less pressure from direct threat of takeover than from reduced productivity based on land use issues and reduced availability of high-quality stockfeed. Milk processors such as Dairibord and Nestle' are attempting to implement mitigation measures to help protect production against such threats. For instance, Dairibord and Nestle' are both involved in a loan scheme which helps subsidize the importation of stockfeed for dairy operators.

Will the GOZ Seize White-Owned Dairy Farms?

16. Commercial dairy farms have so far occupied a unique situation vis-a-vis the land resettlement program. President Mugabe has reportedly stated that dairy farms are of strategic importance, although nobody has been able to corroborate where or when such a statement was made. However, pursuant to this unconfirmed policy, dairy operations have been largely untouched by the GOZ's attempts to dispossess all white commercial farmers. At this point, of the remaining 310 dairy farmers, as many as 187 are operating under Section 8 final acquisition notices, although the GOZ has not pursued the mass dispossession apparent in other sectors. Still, due to the lack of centralized control over the resettlement process, some individual farmers have been targeted by both renegade war vet groups and high-profile GOZ supporters, some of whom attempt to seize the entire asset -- dairy operations, dairy herd, equipment, and all. In one case, a farmer without a Section 8 notice was told by war vets on November 13 that he had 48 hours to vacate his dairy operation. The farmer desperately scrambled to sell his productive dairy herd to other dairy farmers, knowing that generations of breeding would be lost if the cattle were simply sent to slaughter. The farmer eventually learned that the farm was being claimed by Godfrey Chidyausiku, the GOZ-appointed Chief Justice of the Supreme Court. In another high-profile case, at least two dairy operators in the Mazowe area -- approximately one hour outside of Harare -- report that Grace Mugabe, the President's wife, has made two or three visits to each of their farms. Their impression is that Mrs. Mugabe is "shopping" for a farm which she will then claim. The NADF is not sure if these cases imply an apparent weakening of the view of dairy farms as "strategic" assets, or whether they simply represent opportunistic responses on the part of acquisitive individuals with enough power to enforce their demands.

Commercial Beef

17. Beef cattle operations have also been decimated by the current resettlement program. There is less ability to quantify the reduction in beef cattle farmers because many farmers who produced other commodities would traditionally produce beef cattle as well. Subsequently, there is no discrete number which represents the number of beef cattle farmers. However, recent calculations suggest that the commercial breeding and beef herd has drastically decreased -- from 1.3 million in December 2001 to less than 250,000 currently -- during the past year. Many of these cattle have been sent to slaughter in an attempt by farmers to salvage some value when they were evicted from their land. Others have been abandoned and targeted by rustlers who have shipped the cattle to Mozambique, where an active forex-base market in stolen cattle is reportedly thriving. Of course such actions, which completely bypass any attempt at veterinary control, increase the potential spread of FMD. Some of the cattle have simply been absorbed into the communal herd, which changes the availability of the animals to the consumption market.

Comment

18. While both commercial and indigenous farmers raise cattle, there is a radical difference in the value of such cattle to their owners. Communal farmers tend to view their cattle as more of an asset than a commodity, and value them for draught power, sources of fertilizer, and symbols of wealth. They are more likely to send an animal to slaughter to cover a specific debt or to host a specific event. According to one economist, commercial farmers traditionally sent approximately 20% of their stock annually to slaughter-houses, while indigenous farmers slaughtered only 2% of their stock annually. In recent years, even when cattle farmers managed to retain some of their land, they were still constricted by competing land use claims by settlers, and a much higher percentage of cattle was de-stocked. Currently, when a commercial farmer is evicted, he faces two choices: whether to sell / abandon his cattle, which are then absorbed into the communal or small-scale herds, or whether to send his cattle to slaughter. Although the communal herd is inevitably increasing due to the current displacement, this will not necessarily increase food

security. While there has been a glut of beef on the local market recently (most likely the result of desperate choices by commercial farmers), the inevitable winding down of commercial farmers' affairs has already had an impact on the availability of beef. Recently, despite GOZ mandated price controls, the price of beef went up by 100%, and slaughter houses continue to complain that they can't buy enough cattle to keep up with demand.

19. The continued efforts by the GOZ to serve Section 8 notices, as well as its apparent complicity in seizures of farms by high-level ZANU-PF officials, belies official claims that the land resettlement program is complete. Seizure of the remaining commercial dairy farms could strike a lethal blow to the already strained dairy industry.

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